

## Message Text

UNCLASSIFIED

PAGE 01 BONN 12594 01 OF 02 101817Z  
ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AID-05 CEA-01 CIAE-00 COME-00  
EB-08 FRB-01 INR-10 NSAE-00 SP-02 STR-07 TRSE-00  
LAB-04 SIL-01 OMB-01 STRE-00 AGRE-00 SS-15 /082 W  
-----075423 101916Z /47

P R 101804Z JUL 78  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC PRIORITY 0065  
INFO EC COLLECTIVE  
USMISSION GENEVA

UNCLAS SECTION 01 OF 02 BONN 12594

GENEVA FOR USMTN

BRUSSELS ALSO FOR USEEC

PASS AGRICULTURE ELECTRONICALLY

PASS STR ELECTRONICALLY

E. O. 11652: N/A  
TAGS: EEC, EAGR, MTN, ETRD  
SUBJECT: EUROPEAN COUNCIL, JULY 6-7, 1978:  
AGRICULTURAL ISSUES

REF: BREMEN 414

1. SUMMARY: IN THE CONTEXT OF ITS GENERAL DEBATE ON  
A COMMON EC ECONOMIC AND SOCIAL STRATEGY (REFTEL), THE  
JULY 6-7 EUROPEAN COUNCIL FOCUSSED SPECIFICALLY ON  
COMMUNITY AGRICULTURAL PROBLEMS, PARTICULARLY THOSE OF  
THE MEDITERRANEAN AGRICULTURAL SECTOR. FOLLOWING THIS  
DISCUSSION, UK FOREIGN SECRETARY OWEN MADE A STRONG  
PUBLIC STATEMENT TO THE EFFECT THAT THE HEADS OF  
GOVERNMENT HAD MADE A COMMITMENT TO REFORM THE EC'S  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 12594 01 OF 02 101817Z

COMMON AGRICULTURAL POLICY (CAP), BUT THIS VIEW WAS  
CONTESTED BY OTHER MEMBER STATES, PARTICULARLY IRELAND,  
WHO INSISTED THAT NO DECISIONS WERE TAKEN BEYOND  
A REQUEST THAT THE EC COMMISSION STUDY POSSIBILITIES  
FOR CAP REFORM IN LIGHT OF THE SUMMIT DISCUSSIONS.  
END SUMMARY.

2. OWEN TOLD REPORTERS JULY 6 THAT THE MOST INTERESTING POINT TO EMERGE FROM SUMMIT DEBATE ON A COMMON ECONOMIC AND SOCIAL STRATEGY WAS A DISCUSSION ON CAP REFORM, WHICH HE TERMED THE MOST SERIOUS TO BE HELD DURING THE TWO YEARS HE HAS BEEN INVOLVED WITH THE THE COMMUNITY. OWEN SAID DISCUSSION WAS OPENED BY ITALIAN PRIMER ANDREOTTI, WHO, HE SAID, CITED FIGURES ON DISTORTIONS CAUSED BY CAP SURPLUSES, PARTICULARLY DAIRY SECTOR COSTS, WHICH ARE SIX TIMES THE TOTAL FOR THE ENTIRE MEDITERRANEAN AGRICULTURAL PACKAGE. OWEN SAID THAT PRIME MINISTER CALLAGHAN STRONGLY SUPPORTED ANDREOTTI'S POSITION AND THAT THE UK ACCEPTS THE ITALIAN CONTENTION THAT, SO FAR AS MEDITERRANEAN AGRICULTURE IS CONCERNED, "A LITTLE IN THE RIGHT PLACE CAN DO A LOT." HE SINGLED OUT, IN THIS CONTEXT, AN ITALIAN CLAIM THAT A SMALL AMOUNT OF AID TO IMPROVE FOREIGN MARKET PENETRATION COULD TRIPLE EC ORANGE EXPORTS.

3. OWEN REHEARSED FAMILIAR UK THEMES ON THE CAP, WHICH HE TERMED A "CUCKOO IN THE NEST" WHOSE EVER-INCREASING SURPLUSES ARE GOBBLING UP RESOURCES NEEDED ELSEWHERE IN THE COMMUNITY. HE INDICATED THAT, DURING ACCESSION NEGOTIATIONS, THE COMMISSION TOLD THE UK THAT AGRICULTURAL EXPENSES COULD COME DOWN TO 50-60 PERCENT OF THE EC BUDGET, BUT THAT THESE EXPENSES NOW ACCOUNT UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BONN 12594 01 OF 02 101817Z

FOR 75 PERCENT OF THE BUDGET; AND HE ASSERTED THAT IT IS "APPARENT ALL MEMBER STATES HAVE REALIZED" THE COMMUNITY CANNOT CONTINUE TO DEVOTE SUCH A DISPROPORTIONATE AMOUNT OF ITS RESOURCES TO MAINTAINING CAP SURPLUSES.

4. OWEN SAID THAT THE UK POSITION ON CAP REFORM CONTINUES TO INCLUDE ADVOCACY OF:

-- LONGER-TERM REVIEW (PERHAPS EVERY FOUR-YEARS) OF EC FARM PRICES, IN ORDER TO GET AWAY FROM THE CURRENT ANNUAL HAGGLE;

-- POSSIBLE STRUCTURAL LINKS, ALLOWING THE EC FINANCE COUNCIL TO PLAY A ROLE IN CAP OPERATION; AND

-- POSSIBLE INTRODUCTION OF BUDGETING LIMITS, WITHIN WHICH FARM PRICE NEGOTIATIONS WOULD HAVE TO PROCEED, THEREBY REDUCING BUDGETARY DISTORTIONS.

OWEN ALSO NOTED THAT ONE OF THE MAJOR CRITICISMS OF THE

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BONN 12594 02 OF 02 101819Z  
ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AID-05 CEA-01 CIAE-00 COME-00  
EB-08 FRB-01 INR-10 NSAE-00 SP-02 STR-07 TRSE-00  
LAB-04 SIL-01 OMB-01 STRE-00 AGRE-00 SS-15 /082 W  
-----075438 101916Z /47

P R 101804Z JUL 78  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC PRIORITY 0066  
INFO EC COLLECTIVE  
USMISSION GENEVA

UNCLAS SECTION 02 OF 02 BONN 12594

EC IN THE INTERNATIONAL TRADE SECTOR IS THAT THE CAP IS SEEN AS DEEPLY PROTECTIONIST. HE POINTED OUT THAT THIS HAS EFFECTS ON THE MTN AND INSISTED THAT THIS ASPECT MUST BE TAKEN ACCOUNT OF IN ANY STUDY OF CAP REFORM.

5. OWEN ASKED RHETORICALLY WHETHER THE EC HEADS OF GOVERNMENT ARE READY TO TAKE ON "THE MOST POWERFUL VESTED INTEREST" IN THE COMMUNITY: THE AGRICULTURAL LOBBY. HE SAID THAT REALIZATION AMONG MEMBER STATES OF THE NEED FOR CAP REFORM IS BEGINNING TO TAKE EFFECT AND THAT "IT IS CLEAR THIS IS NOW UNDERSTOOD TO BE A PROBLEM FOR THE COMMUNITY." OWEN ASSERTED THAT "FOR THE FIRST TIME THE BIG FOUR MEMBER STATES ARE ALL AGREED ON THE NEED TO DO SOMETHING", BUT HE ADDED THAT TWO MEMBER STATES, "WITH CLEAR AGRICULTURAL INTERESTS" CONTINUE TO HAVE RESERVES. HE NEVERTHELESS SPECULATED THAT THESE STATES MIGHT ACCEPT POSITIVE PROPOSALS FOR CAP REFORM IF THEY RECEIVED BENEFITS ELSEWHERE, SUCH AS THROUGH AN INCREASED REGIONAL FUND.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 12594 02 OF 02 101819Z

6. OWEN WARNED THAT HE DID NOT WANT TO GIVE THE IMPRESSION THE SUMMIT DISCUSSION WAS THE START OF A DRAMATIC CAP REVISION, BUT HE INSISTED THAT THIS MARKED THE "FIRST TIME THE HEADS OF GOVERNMENT HAVE GIVEN ORIENTATIONS ON THE NEED TO DO SOMETHING." OWEN SAID THAT THE DECEMBER 4-5 EUROPEAN COUNCIL WAS TO RETURN TO THE CAP REFORM ISSUE, AND HE CONCLUDED THAT, "THE COMMITMENT THAT SOMETHING MUST BE DONE CAME THROUGH LOUDER AND CLEARER THAN I HAVE EVER HEARD IT BEFORE."

7. SPOKESMEN FOR OTHER MEMBER STATES WERE CRITICAL OF OWEN'S REMARKS, DOWNPLAYING THE IMPORTANCE OF ACTUAL SUMMIT DISCUSSION ON THE CAP. THE IRISH, IN PARTICULAR, WERE ANNOYED AT OWEN'S IMPLICIT SUGGESTION THAT THEY MIGHT BE BOUGHT OFF BY REGIONAL FUND BENEFITS.

8. AN IRISH SPOKESMAN NOTED THAT, IN OPENING DISCUSSION, ANDREOTTI DID NOT CALL FOR DISMANTLING THE CAP, JUST FOR REFORMING IT. THE SPOKESMAN SAID THE FRENCH WERE INSISTENT THAT NO DECISIONS COULD BE TAKEN WITHOUT THOROUGH ADVANCE CONSIDERATION BY THE AGRICULTURE COUNCIL. THE SPOKESMAN ADDED THAT IRELAND ACCEPTS THE NEED TO ASSIST MEDITERRANEAN AGRICULTURE, BUT NOT AT THE EXPENSE OF NORTHERN PRODUCTS; THE IRISH BELIEVE THAT THIS ASSISTANCE COULD BE PROVIDED WITHOUT CUTTING BACK ON THE CAP, WHICH THEY VIEW AS THE ONLY EC INSTRUMENT NOW IN PLACE THAT ACTUALLY TRANSFERS REOURCES FROM RICH TO POOR STATES. IRISH PRIME MINISTER LYNCH REPEATED THESE CONCERNS AT HIS PRESS CONFERENCE, ADDING THAT FRG CHANCELLOR SCHMIDT

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BONN 12594 02 OF 02 101819Z

(EUROPEAN COUNCIL PRESIDENT) DID NO MORE THAN SUGGEST TO THE COMMISSION THAT IT TAKE NOTE OF THE SUMMIT DEBATE AND EXAMINE POSSIBILITIES FOR DOING AWAY WITH CAP SURPLUSES. A GERMAN SPOKESMAN CONFIRMED THIS LAST POINT, ADDING SOMEWHAT SARCASTICALLY THAT SUCH A STUDY WILL HAVE LITTLE CHANCE OF SUCCESS.

STOESSEL

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** REGIONAL ORGANIZATIONS, COMMITTEE MEETINGS, ECONOMIC PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BONN12594  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780282-0517  
**Format:** TEL  
**From:** BONN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780781/aaaacpza.tel  
**Line Count:** 218  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 7d8fe378-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 BREMEN 414  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 29 mar 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2074242  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EUROPEAN COUNCIL, JULY 6-7, 1978: AGRICULTURAL ISSUES  
**TAGS:** EAGR, ETRD, EEC, MTN  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/7d8fe378-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014